

Q1 based on selected components, and ensures each plan is economically efficient under one or more economic scenarios;

a deal structure module that validates an economically efficient plan and initializes files for the securities to be issued under the validated plan; and

an administration module for administering the securities issued under the plan validated and initialized by the deal structure module.

Q2 27. (Amended) A method of adding value to mortgage-backed securities comprising:

identifying one or more pools of optimized mortgage securities;

identifying one or more pools of interest-rate derivatives;

analyzing risk elements and economic variables associated with cash flows coming from the one or more mortgage securities and the one or more pools of interest-rate derivatives;

strategically allocating cash flows from the one or more pools of optimized mortgage securities and cash flows from the one or more pools of interest-rate derivatives to create classes of investment securities which define a new set of investment securities that are economically efficient under one or more market conditions, at least one class combining cash flows from the one or more pools of interest-rate derivatives and cash flows from the one or more pools of mortgage securities; and

issuing the new set of investment securities.

FINNEGAN
HENDERSON
FARABOW
GARRETT &
DUNNER LLP

1300 I Street, NW
Washington, DC 20005
202.408.4000
Fax 202.408.4400
www.finnegan.com

28. (Amended) The method of claim 27 wherein the one or more pools of optimized mortgage securities have floating rate (FLT) and inverse floating rate (INV) classes and the FLT and INV classes are exchanged for cash flows from a derivative contract.

31. (Amended) An investment security comprising:
cash flows coming from mortgage pool components; and
cash flows coming from derivative components,
wherein the cash flows from mortgage pool components and the cash flows from derivative components are allocated into tranches, whereby the value of the investment security is more economically efficient under one or more market conditions compared to that which would have been realized by securitizing cash flows coming from mortgage pool components alone.

45. (Amended) A system for creating investment securities which are at least partially backed by mortgage pool components comprising:
a risk analysis and planning module that analyzes risk elements of interest-rate derivative and mortgage pool components, develops plans for structuring securities based on selected components from the interest-rate derivative and mortgage pool components, and ensures each plan is economically efficient under one or more economic scenarios;
a deal structure module that validates an economically efficient plan and initializes files for the securities to be issued under the validated plan; and

FINNEGAN
HENDERSON
FARABOW
GARRETT &
DUNNER LLP

1300 I Street, NW
Washington, DC 20005
202.408.4000
Fax 202.408.4400
www.finnegan.com

an administration module for administering the securities issued under the plan validated and initialized by the deal structure module.

46. (Amended) A system for creating investment securities according to claim 45, wherein the risk analysis and planning module further comprises an asset pool prepayment model that projects cash flows of a mortgage asset account based on prepayment rate parameters and asset type data provided as input from a user.

Please add new claims 49-70, as follows:

49. (New) A method for creating investment securities, the method comprising:

optimizing a securities structure backed by mortgage pool components in accordance with regulatory structuring constraints, the securities structure having one or more classes of securities, each class including at least one of interest cash flows and principal cash flows;

determining if a class of the optimized securities structure is economically inefficient under one or more market conditions;

restructuring an inefficient class to make it economically efficient by combining mortgage pool components with interest-rate derivative components in an economically efficient manner under the one or more market conditions; and

issuing the structured securities.

FINNEGAN
HENDERSON
FARABOW
GARRETT &
DUNNER LLP

1300 I Street, NW
Washington, DC 20005
202.408.4000
Fax 202.408.4400
www.finnegan.com

50. (New) The method according to claim 49, wherein the interest-rate derivative components comprise at least one exchange of cash flows backed by one or more mortgage pools for cash flows that are not mortgage-backed, the restructuring step combining the non-mortgage-backed cash flows with cash flows backed by one or more mortgage pools.

51. (New) The method according to claim 49, wherein the restructuring step comprises adjusting cash flow characteristics of the inefficient class of securities.

52. (New) The method according to claim 49, wherein the restructuring step comprises allocating principal, interest, and other cash flows from the interest-rate derivative and the mortgage pool components to the inefficient class of securities.

53. (New) The method according to claim 52, wherein the restructuring step further comprises adjusting the principal and interest cash flow characteristics of the inefficient class of securities based on the result of analyzing the risk elements of the interest-rate derivative and mortgage pool components.

54. (New) The method according to claim 49, wherein at least one of the structured classes of securities has floating interest rate characteristics.

55. (New) The method according to claim 49, wherein the overall value of the securities structure is increased.

FINNEGAN
HENDERSON
FARABOW
GARRETT &
DUNNER LLP

1300 I Street, NW
Washington, DC 20005
202.408.4000
Fax 202.408.4400
www.finnegan.com

56. (New) The method according to claim 49, wherein the restructuring step further comprises:

not restructuring one or more other classes of the optimized securities structure.

57. (New) The method according to claim 49, wherein the restructuring step further comprises:

restructuring more than one inefficient class of the optimized securities structure.

58. (New) A computer program product for creating investment securities, the computer program product comprising computer-readable media having computer-readable code, the computer program product comprising the following computer-readable program code for effecting actions in a computing platform:

program code for optimizing a securities structure backed by mortgage pool components, the securities structure having one or more classes of securities, each class including at least one of interest cash flows and principal cash flows;

program code for determining if a class of the optimized securities structure is economically inefficient for one or more economic scenarios;

program code for restructuring an inefficient class to make it economically efficient by combining mortgage pool components with interest-rate derivative components in an economically efficient manner under the one or more economic scenarios; and

program code for creating the structured securities.

FINNEGAN
HENDERSON
FARABOW
GARRETT &
DUNNER LLP

1300 I Street, NW
Washington, DC 20005
202.408.4000
Fax 202.408.4400
www.finnegan.com

59. (New) The computer program product according to claim 58, wherein the interest-rate derivatives comprise at least one exchange of cash flows backed by one or more mortgage pools cash flows that are not mortgage-backed, the program code for restructuring comprising program code for combining the non-mortgage-backed cash flows with other cash flows backed by one or more mortgage pools.

60. (New) The computer program product according to claim 58, wherein the program code for restructuring comprises program code for adjusting cash flow characteristics of the inefficient class of securities.

61. (New) The computer program product according to claim 58, wherein the program code for restructuring comprises program code for allocating principal, interest and other cash flows from the interest-rate derivative and mortgage pool components to the inefficient class of securities.

62. (New) The computer program product according to claim 61, wherein the program code for restructuring further comprises program code for adjusting the principal and interest cash flow characteristics of the inefficient class of securities based on the result of analyzing the risk elements.

63. (New) A method of creating investment securities comprising:

FINNEGAN
HENDERSON
FARABOW
GARRETT &
DUNNER LLP

1300 I Street, NW
Washington, DC 20005
202.408.4000
Fax 202.408.4400
www.finnegan.com

identifying swap cash flows having notional principal specifications that can be combined with mortgage pool component cash flows;

structuring the swap cash flows and mortgage pool component cash flows in a securities structure that creates greater total economic value than a securities structure having mortgage pool component cash flows alone; and

issuing the structured securities.

64. (New) The method according to claim 63, wherein the swap cash flows are adjusted in accordance with one or more interest rates.

65. (New) The method according to claim 63, wherein the notional principal specifications are adjusted in accordance with payment characteristics underlying the mortgage pool component cash flows.

66. (New) The method according to claim 63, wherein the structuring step further comprises:

calculating potential risks and costs associated with a securities structure; and
adjusting the securities structure based on those potential risks and costs.

67. (New) The method according to claim 63, wherein the mortgage pool component cash flows comprise cash flows from at least one Real Estate Mortgage Investment Conduit (REMIC).

FINNEGAN
HENDERSON
FARABOW
GARRETT &
DUNNER LLP

1300 I Street, NW
Washington, DC 20005
202.408.4000
Fax 202.408.4400
www.finnegan.com